

This record is a partial extract of the original cable. The full text of the original cable is not available.

S E C R E T SECTION 01 OF 02 TAIPEI 001438

SIPDIS

STATE PASS AIT/W

E.O. 12958: DECL: 02/01/2015

TAGS: [PREL](#) [PGOV](#) [PINR](#) [CH](#) [TW](#)

SUBJECT: BEIJING PRESSURES PRO-DPP BUSINESS LEADER TO
ENDORSE "ONE CHINA"

REF: TAIPEI 1403

Classified By: AIT Deputy Director David J. Keegan, Reason: 1.4 (B/D)

1. (S) Summary: Long-time pro-DPP business leader Hsu Wen-lung penned a letter to a Taiwan newspaper on March 26 endorsing the PRC's position on "one China." Hsu's move was widely interpreted by the media and political world as a sign of mounting PRC pressure on Taiwan business leaders. Presidential Office Deputy Secretary General James Huang told AIT that Hsu informed President Chen Shui-bian before hand that he was going to issue the letter. Taiwan officials say that Hsu's letter was the most prominent of a series of statements that Beijing pressured various Taiwan business and student leaders to make in the lead-up to the March 26 rally. While the Mainland Affairs Council (MAC) interprets the PRC's actions as targeted at the March 26 event, President Chen and his advisors appear to see the episode as a harbinger of further moves aimed at isolating the DPP government. End Summary.

Green on Red

2. (SBU) Chi-mei Corporation founder and long-time Democratic Progressive Party (DPP) supporter Hsu Wen-lung took out a prominent ad in the Economic Daily News (owned by the pro-opposition United Daily News group) endorsing the PRC's "one China" policy. Hsu wrote in the article that his past support for President Chen was based on the DPP's commitment to economic reform and not its pro-independence ideology. Hsu went on to state that it was his view that "the Mainland and Taiwan both belong to one China," borrowing word-for-word language used in the PRC's 16th Party Congress Work Report on Taiwan. The Chi-mei corporation has major high-tech investments on the Mainland and was reportedly the target of PRC harassment after the March 20, 2004 presidential election. The Tainan-based Hsu has been the most prominent business supporter of the Chen government. Hsu's money funded the creation of the pro-DPP Taiwan Think Tank. Hsu has told AIT privately that he personally favors Taiwan independence, but acknowledges that this is impossible under current conditions.

PRC Manipulation

3. (S) Most media outlets and political observers attributed Hsu's sudden public embrace of "one China" to PRC pressure on Chi-mei's Mainland interests. Presidential Office Deputy Secretary General James Huang told AIT on March 28 that Hsu

SIPDIS

informed President Chen before hand the letter would be published on the day the President was to join a mass rally to protest the Anti-Secession Law. Although Huang was clearly reluctant to provide details of the conversation, he made it clear that he had no doubt that the PRC determined both the timing and the content of Hsu's article. MAC Chief Secretary Jan Jyh-horng told AIT that PRC officials pressured

SIPDIS

a number of Taiwan student and business association leaders on the Mainland to make similar statements in the days leading up to the March 26 rally, with Hsu being the most prominent. Jan said that Taipei had firm information that Hsu resisted Beijing's original demand that he personally endorse "one China" in public. Instead, according to Jan, the two sides settled on having Hsu sign the March 26 article for the Economic Daily.

4. (C) Political leaders reacted sympathetically to Hsu's plight, with former President Lee Teng-hui saying he had no choice but to show "understanding" for Hsu's decision to pen the article. KMT Chairman Lien Chan praised Hsu on March 27 for his "courage in expressing what he really feels in his heart." MAC issued a press release on March 28 condemning Beijing for extorting Taiwan business leaders, including Hsu, into publishing articles in support of the Anti-Secession Law. MAC's Jan said the release was aimed at protecting Hsu from criticism from Pan-Green supporters of selling out Taiwan.

Isolated Incident or First Shot in New Campaign

15. (C) The Presidential Office's Huang said that senior leadership in Taipei views the Hsu episode as part of a coordinated campaign by Beijing to isolate the Chen administration (Septel). However, MAC's Jan offered a less bleak assessment, noting that PRC statements and actions seemed to be aimed primarily at undermining attendance at the March 26 mass rally in Taipei. Jan noted that PRC public statements in the days following the march were considerably milder than in the lead-up to the event. He stated that the next key indicator of whether Beijing is preparing to keep up the drum beat on the Anti-Secession Law will be the PRC State Council Taiwan Affairs Office press conference on March 30.

Comment: Can Taipei Hold Its Course?

16. (C) One key assumption behind Taipei's plan to use the March 26 rally to bring Taiwan anger over the Anti-Secession Law to closure was that the PRC would avoid further actions that would exacerbate negative feelings in Taiwan (Reftel). The Hsu letter may have been one of those very actions. While it is too early to assess the full impact of Beijing's manipulations on the Taiwan public and business community, President Chen and his senior aides appear to have already concluded that the action was made in bad faith. To this day, DPP officials cite the PRC's diplomatic snub over Nauru on July 15, 2002 -- the day Chen assumed the chairmanship of the DPP -- as the start of the destabilizing spiral in cross-strait relations. The recent international boost Chen has gained from his skillful handling of the Anti-Secession Law may suffice to avoid a repeat of that experience. However, the Hsu episode may significantly slow the process of resuming positive cross-strait contacts.

PAAL